earnestly patriotic, and so thoroughly frightened of the economic consequences of the war that it would have been ready to face any sacrifices that the Government had asked of it. How, then, would the Government have dealt with this spirit if it had taken the trouble really to think out the problem of war finance on a long view instead of proceeding along a haphazard line, adjusting peace methods to war without any consideration as to their adequacy? If the problem had been really thought out beforehand the Government must have seen clearly that the real economic problem in war-time is not merely a question of raising money, since that can at any time be done easily by means of a printing-press, but of diverting the industrial energy of the nation from peace to war purposes, that is to say, transferring from the enjoyment of the individual citizen the goods and services that used to contribute to his comfort and amusement, and turning them over to the provision of the things needed for the war. War's needs can only be met out of the current production of the world as it is at present. All the warring powers begin a war with certain accumulated war stores consisting of battleships, ammunition, guns and all other forms of war material. Apart from these stores with which they begin, the whole work of providing the armies with the

fighting
materials that they require, and the food and clothes that they consume, has to be done during the course of the war, that is to say, out of the current production of the moment.

Therefore the real economic problem that any